

FDIC State Profile

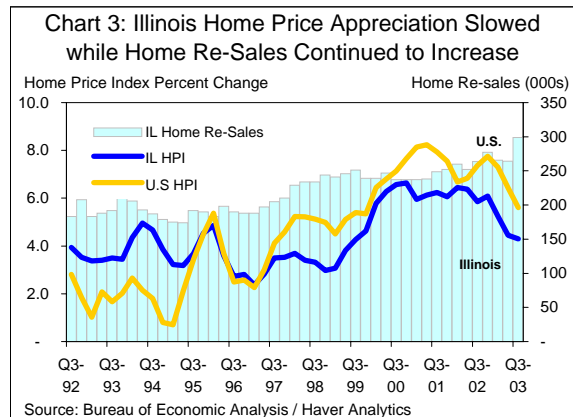
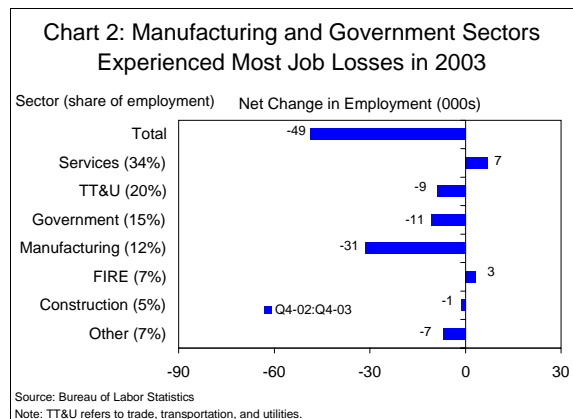
Spring 2004

Illinois

- Illinois continued to lose jobs faster than the nation as nonfarm payrolls declined 0.8 percent in the year ending fourth quarter 2003, compared with a year ago (See Chart 1).
- The manufacturing and government sectors employed 27 percent of Illinois' workforce, but accounted for 71 percent of the state's net job losses in 2003 (See Chart 2).
- The manufacturing sector has suffered through heavy job losses since 1999, two years before the recession. Recent improvement in the Midwest Manufacturing Index, manufacturers' capacity utilization rates, new orders, and low inventories suggest a more stable outlook in the sector. However, even with these improvements, manufacturing jobs already lost may not be replaced.
- Illinois state budget deficits continued to pressure state and local government payrolls though government job losses were concentrated at the state level. **Springfield** MSA, where the share of government employment is particularly high, has been particularly affected.

Active housing market and weakening commercial real estate market

- Existing home sales were 13.5 percent higher than a year ago in the third quarter 2003. Illinois home price appreciation remained tepid and lagged the nation (See Chart 3).
- Office vacancy rate for the **Chicago** metro area remained high at 18.1 percent in the fourth quarter 2003, according to Torto Wheaton Research. Negative absorption in downtown Chicago office areas pressured rents down to year 1999 levels.
- Institutions headquartered in Chicago MSA reported increasing concentrations of commercial real estate (CRE) loan exposure¹ as median CRE loans-to-Tier 1 capital increased to 300 percent in the fourth quarter 2003, up from 281 percent in the fourth quarter 2002. Continued



¹CRE loans include construction, multifamily, and nonfarm-nonresidential mortgages.

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CRE market softness is a concern, as fourth quarter 2003 CRE loan delinquencies among institutions headquartered in Chicago increased by 9 basis points to 0.71 percent year-over-year.

Net interest margin (NIM) continued to contract.

- Illinois community institutions² continued to experience lower NIM, as banks and thrifts faced larger declines in loan yields than in deposit costs, a result associated with continued low short-term interest rates.
- Profitability for Illinois community institutions was stable as lower operating and provision expenses offset lower net interest and noninterest income (See Table 1).

Overall credit quality has improved.

- Aggregate past-due rate for Illinois community institutions declined by 13 basis points to 2.08 percent in the fourth quarter 2003 from a year earlier. Asset quality improved across all loan categories (See Chart 4).
- The percentage of insured institutions with CRE concentrations greater than 300 percent of Tier 1 capital in Illinois increased to 24 percent in 2003, up from 21 percent in 2002; the median CRE past-due rate for those institutions declined to 0.74 percent, down from 0.97 percent.
- Illinois insured institutions reported long-term asset concentration similar to the nation (See Chart 5). Institutions with higher concentrations in long-term assets could face additional margin compression, asset depreciation, and extension in asset duration in a rising rate environment.
- Median reserve ratio for community institutions remained steady at 1.14 percent at year-end 2003; however, large institutions reported an 18-basis points increase to 1.39 percent from a year ago.

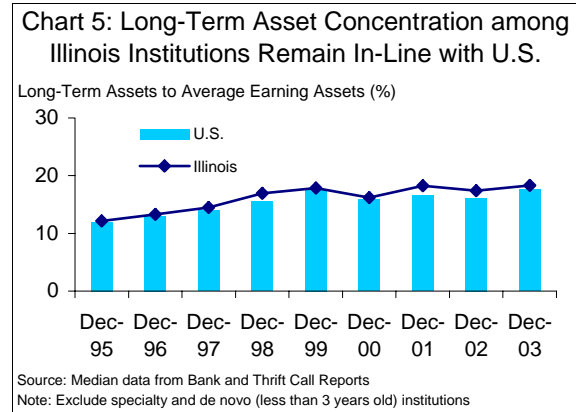
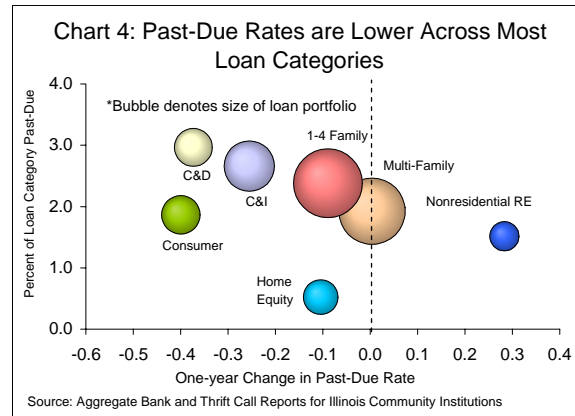


Table 1: Profitability Remained Steady from Lower Operating and Provision Expenses

Income statement contribution (as a percentage of average assets)			
	3 months ended December 30		Basis Point Change
	2002	2003	
Net Interest Income	3.51	3.37	-0.15
Total Noninterest Income	0.95	0.77	-0.19
Noninterest Expense	-2.82	-2.69	0.13
Provision Expense	-0.43	-0.26	0.17
Security Gains & Losses	0.06	0.02	-0.05
Income Taxes	-0.36	-0.27	0.09
Net Income (ROA)	0.92	0.93	0.01

Source: Bank and thrift call reports; aggregate data for Illinois community institutions

²Insured institutions with less than \$1 billion in assets, excluding new (<3 years old) and specialty banks.

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Illinois at a Glance

General Information	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Institutions (#)	769	787	806	828	844
Total Assets (in thousands)	575,451,626	518,473,763	476,300,443	394,840,052	378,714,458
New Institutions (# < 3 years)	8	20	39	43	35
New Institutions (# < 9 years)	74	78	82	84	77
Capital	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Tier 1 Leverage (median)	8.92	8.89	8.95	9.24	9.22
Asset Quality	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Past-Due and Nonaccrual (median %)	1.78%	1.93%	2.09%	1.89%	1.74%
Past-Due and Nonaccrual >= 5%	98	94	99	80	71
ALLL/Total Loans (median %)	1.15%	1.14%	1.09%	1.07%	1.08%
ALLL/Noncurrent Loans (median multiple)	1.54	1.55	1.37	1.49	1.54
Net Loan Losses/Loans (aggregate)	0.71%	0.91%	0.95%	0.47%	0.32%
Earnings	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Unprofitable Institutions (#)	41	40	64	67	62
Percent Unprofitable	5.33%	5.08%	7.94%	8.09%	7.35%
Return on Assets (median %)	0.97	1.01	0.91	0.93	0.93
25th Percentile	0.60	0.68	0.54	0.59	0.60
Net Interest Margin (median %)	3.67%	3.80%	3.63%	3.76%	3.80%
Yield on Earning Assets (median)	5.57%	6.40%	7.39%	7.80%	7.46%
Cost of Funding Earning Assets (median)	1.92%	2.59%	3.77%	4.08%	3.69%
Provisions to Avg. Assets (median)	0.12%	0.14%	0.13%	0.12%	0.11%
Noninterest Income to Avg. Assets (median)	0.58%	0.53%	0.52%	0.48%	0.47%
Overhead to Avg. Assets (median)	2.63%	2.64%	2.63%	2.66%	2.66%
Liquidity/Sensitivity	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
Loans to Deposits (median %)	71.64%	72.66%	71.87%	71.40%	70.30%
Loans to Assets (median %)	59.75%	61.19%	61.07%	61.11%	59.69%
Brokered Deposits (# of Institutions)	183	160	136	112	96
Bro. Deps./Assets (median for above inst.)	3.97%	3.66%	3.49%	3.09%	2.51%
Noncore Funding to Assets (median)	16.07%	16.02%	15.71%	15.34%	14.11%
Core Funding to Assets (median)	72.76%	72.36%	73.17%	73.34%	74.92%
Bank Class	Dec-03	Dec-02	Dec-01	Dec-00	Dec-99
State Nonmember	422	429	437	450	456
National	167	173	180	193	204
State Member	75	75	75	68	65
S&L	27	28	28	30	31
Savings Bank	30	34	35	37	37
Stock and Mutual SB	48	48	51	50	51
MSA Distribution	# of Inst.	Assets	% Inst.	% Assets	
No MSA	347	32,221,977	45.12%	5.60%	
Chicago IL PMSA	273	505,211,710	35.50%	87.79%	
St Louis MO-IL	30	4,998,173	3.90%	0.87%	
Peoria-Pekin IL	25	4,298,929	3.25%	0.75%	
Springfield IL	16	3,343,438	2.08%	0.58%	
Rockford IL	16	6,614,144	2.08%	1.15%	
Davenport-Moline-Rock Island IA-IL	16	2,146,917	2.08%	0.37%	
Champaign-Urbana IL	16	3,919,976	2.08%	0.68%	
Decatur IL	11	1,744,858	1.43%	0.30%	
Kankakee IL PMSA	10	1,791,279	1.30%	0.31%	
Bloomington-Normal IL	9	9,160,225	1.17%	1.59%	